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Letter No. 2243

January 2, 1986

EXPORT CORN
FORECAST

As of mid-Dec., the 1985/86 grain trade forecast remains virtually unchanged at 49.1 million tons, according to the U.S. Department of Agriculture. Although corn sales and shipments through mid-Dec. were lagging behind last year's levels, increased import demand from Mexico and Brazil and lower export prospects for Argentina may mean improved prospects for U.S. corn exports. Corn shipments during the 4-week period ending Dec. 12 totaled 4.2 million tons, an 11-pct. increase over the 3.8 million tons shipped out last month. Major destinations included Japan and the Soviet.

WHEAT EXPORT
FORECAST

As of mid-December, the U.S. wheat export forecast for June-May 1985/86 remains unchanged at 27.2 million tons, according to the U.S. Department of Agriculture. Wheat shipments in the 4-week period ending Dec. 12 totaled 1.8 million tons, down 8 pct. from last month estimates, while new sales of 1 million tons over the same period were down 38 pct. from last month. Major sales were made to Algeria, Egypt and Iraq.

CANADA AS
COMPETITOR

Exports of U.S. wheat, corn and barley in 1985/86 could encounter stronger competition from Canada because of larger-than-expected supplies of Canadian wheat and barley, according to the U.S. Department of Agriculture. The 1985/86 Canadian export estimates for wheat and barley were raised by one million tons for wheat and half a million tons for barley as a result of late-season adjustments in the supply estimate by the Canadian government. Canada is now forecast to export 17.5 million tons of wheat, including large quantities of feed wheat...and 4.5 million tons of barley.

ARGENTINE FLOODS
DESTROY WHEAT

U.S. wheat exporters could face less competition from high-quality Argentine wheat because of severe flooding that reportedly destroyed large amounts of wheat, according to the U.S. Department of Agriculture. The Argentine wheat export forecast for 1985-86 (Dec.-Nov.) was reduced to 5.6 million tons, compared to 9.4 million tons in 1984/85. The rains are also likely to have an adverse affect on the quality that would add to already large global availabilities of feed-quality wheat, thereby increasing competition for exports of U.S. coarse grains.

CANADA-SOVIET
GRAIN AGREEMENT

Canada signed a long-term grain agreement with the Soviet for 25 million tons of grain between Aug. 1986 and July 1991, according to the U.S. Department of Agriculture. When the present agreement expires on July 31, 1986, the Soviets will have taken over 36 million tons of Canadian grain, comprising annual imports of between 5-7 million tons of wheat and 300,000 to 2.3 million tons of barley.

SOVIET SAY
U.S. GRAIN
IMPROVING

The Soviets believe the 1985 U.S. wheat and corn exports represent substantially better quality grain than was sent to them in 1984, according to the U.S. Department of Agriculture. Formerly the Soviet's number one complaint was insect infestation...now the complaint is excessive moisture in corn and foreign matter in grain shipments. The Russians reported that 25 pct. of U.S. grain imported in 1984 was insect-infested. They also said corn shipments should not contain more than 14.5 pct. moisture to avoid spoilage problems.

RAINS DAMAGE
AUSTRALIAN
WHEAT

Australia is expected to have large supplies of feed wheat to compete with U.S. feed grains because late rains have damaged the 1985 wheat harvest, according to the U.S. Department of Agriculture. Indications are that as much as 30 pct. of the Australian wheat crop could be downgraded, adding to already abundant supplies of feed wheat overhanging the world market.

HOGS & PIGS
INVENTORY
DOWN

The U.S. inventory of all hogs and pigs is estimated at 52.3 million head on Dec. 1, 1985, according to the U.S. Department of Agriculture. This is 3 pct. below a year ago and 8 pct. less than Dec. 1, 1983. Breeding hog inventory of 6.78 million, is 2 pct. below last year and down 8 pct. from two years ago. Market hog inventory at 45.5 million is 3 pct. below a year ago and 8 pct. below two years ago. The 10 Quarterly States with 41.1 million head on Dec. 1 are down 3 pct. from a year earlier and 7 pct. from Dec. 1, 1983. These 10 states account for approximately 79 pct. of the total U.S. hog and pig inventory.

GRASS AS A
SODIUM CLEANER

A grass grown for livestock feed also acts as a soil cleanser that could give crops a chance to grow on millions of acres of salt-laden soil in the West, according to the U.S. Department of Agriculture. A hybrid grass of sorghum and sudangrass releases a high level of carbon dioxide in the soil which frees the sodium so rainfall or irrigation water can leach out sodium normally bound up in the soil. The cleansing takes at least two growing seasons.

NO MORE
BRRRRRR FOR
BZZZZZZZZZZ

Instead of freezing to death over the winter, honeybees in cold climates can now stay warm and healthy in solar-heated beehives. This is due to a new type of beehive cover developed by the U.S. Department of Agriculture. The covers are box-like structures of translucent plastic that trap infrared rays from the sun. They also help retain heat generated by the bees themselves. In tests, the bee survival rates were nearly 100 pct. In unprotected hives during severe Wisconsin winters, the losses are up to 50 pct.

FROM OUR
TELEVISION
SERVICE

OUTLOOK - FEED... Large supplies of feed grains are contributing to price weakness and tightness in available storage. USDA economist David Hull examines the situation and outlook for feed grains for 1986. Vic Powell interviews. (546)

AGRICULTURAL OUTLOOK... Net farm income in 1986 is projected to range from \$22 to \$26 billion, compared with \$25 billion in 1985 and \$34.5 billion in 1984. USDA economist Herb Moses talks about these and other factors contributing to the current agricultural outlook. DeBoria Janifer interviews. (547)

FOREIGN AGRICULTURAL OUTLOOK... Lower prices and lower volumes took their toll on U.S. exports during fiscal year 1985, while U.S. agricultural imports set a record of \$19.7 billion, up \$820 million from 1984's level. USDA economist Steve MacDonald discusses agricultural trade situation. Vic Powell interviews. (548)

GENERAL AGREEMENT ON TARIFFS AND TRADE - I... USDA economist Stephen Sposato discusses the purpose of the General Agreement on Tariffs and Trade or GATT, and its importance to the U.S. Vic Powell interviews. (549)

GENERAL AGREEMENT ON TARIFFS AND TRADE - II... USDA economist Stephen Sposato continues his discussion on the importance of GATT to U.S. agriculture, including the upcoming round of GATT talks in 1986 to take action on trade problems. Vic Powell interviews. (550)



FROM OUR RADIO
SERVICE

AGRICULTURE USA #1492... (Weekly 13½ min documentary) If you ski or ever thought about it, George Holmes has a story that may make you think twice. It's a story about avalanches...predicting them and surviving them.

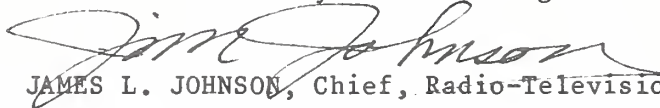
AGRITAPE/FARM PROGRAM REPORT #1781... (Weekly reel of news features) USDA news highlights; Ag trade balance falls; Gloom for feed grain producers?; FmHA delinquent borrowers to get special mailing; USDA to get animal damage control program from Interior Department.

CONSUMER TIME #974... (Weekly reel of five 2½-3 min features) Youth suicide increase; Quick clean ups; Smart Japanese kids; A soy nut butter sandwich?; Bear bites.

USDA RADIO NEWS SERVICE... Fri, Jan. 10, U.S. crop prod., World oilseed situation, World grain situation; Tues, Jan. 14, Crop and weather update; Wed, Jan. 15, Milk production; Thurs, Jan. 16, World tobacco situation; Fri, Jan. 17, World coffee situation. Dial the USDA National News Line 202-488-8358 or 8359. All material changed at 5 p.m. EST each working day.

OFF MIKE

USDA Radio and Television reached a new pinnacle December 23. That's the day when President Reagan joined Sec'y of Agric John Block in the USDA television studio for a special Satellite Television Press Conference immediately following President Reagan's signing of the Farm Bill. Lots of media attention. We tried to get as many farm broadcasters involved as possible, and if we missed you, we apologize. The event went up on three satellite feeds: one for television and two for radio. We thank Bill Ray (Agrinet Farm Net, Richmond, VA) and Mark Vail (Kansas Ag Net, Topeka, KS) for uplinking it live and letting us give out the information that others needed for downlinking ... John Weir is holding down the fort at KBUR, Burlington, IA, while Cletus Paul continues to recuperate from his fall at the NAFB Kansas City meeting ... Thruston Doan (Agri-Radio Net, Little Rock, AR) reports that Kathleen Lonergan will join his staff in about three weeks. Kathleen interned with USDA Radio this past summer and with Jerry Passer (WMT, Cedar Rapids, IA) previously ... Bob Bosold (WAXX, Eau Claire, WI) reports one of those "wouldn't you know it" hunting stories. He took a first year hunter out, put him in a stand, said "Stay put." He did and, you guessed it, bagged a 9-point buck. Bob didn't. He caught the flu bug instead ... Speaking of deer, Jim Mills (NAFB Sales/Marketing Director, Herndon, VA) bagged two deer...one with his truck ("He committed suicide," Jim said) and the other the more conventional way, with a rifle (although Jim's been known to make do with a bow and arrow) ... Opened up the "Ag Forum" publication from the University of Nevada Reno and there was an picture of alumnus Bill Helming (The Helming Reports, Overland Park, KS) along with an article he wrote entitled, "Back to the Future." Interesting reading ... Rich Hawkins (KRVN, Lexington, NB) reports his station is running a series on "Agriculture in the Holy Land" which he produced from materials he gathered while in Israel for 11 days recently ... Reminder: If you have an electronic mail box, let us know. We'll send you our listing of daily news stories.



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